

## Message Text

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61

ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 SAM-01 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 L-02 H-01

CIAE-00 COME-00 FRB-03 INR-07 IO-10 NEA-09 NSAE-00

OPIC-03 LAB-04 SIL-01 AGR-05 DODE-00 PA-01 USIA-06

PRS-01 IGA-01 PM-03 /115 W

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R 051632Z MAR 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 1957

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION NATO

C O N F I D E N T I A L LISBON 1228

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E.O. 11652: GDS  
TAGS: EAID, PFOR, PO  
SUBJ: OECD AID TO PORTUGAL

REF: STATE 46338

1. RAISED QUESTIONS OF OECD ASSISTANCE TO PORTUGAL IN PRIVATE CONVERSATION TODAY WITH ECONOMIC MINISTER EMLIO VILAR. ASKED HIM HOW VALUABLE GOP HAD FOUND ECKHAUS REPORT AND WHAT KIND OF FOLLOW-THROUGH MIGHT BE USEFUL. TOLD HIM MY EUROPEAN COLLEAGUES HAD INDICATED TO ME GENERAL WILLINGNESS TO BE HELPFUL BUT WERE HAVING DIFFICULTY GETTING CLEAR RESPONSE FROM GOP. SAID WE HAD ENCOUNTERED SAME PROBLEM, BUT HAD EXERTED CONSIDERABLE PRESSURE (VILAR SMILED AND NODDED AFFIRMATIVELY AT THIS). EUROPEANS, HOWEVER, WERE ACTING WITH MORE RESERVE.

2. VILAR RECALLED OECD MISSION CLEARLY AND RECOUNTED NAMES OF MEMBERS. SAID HE PLANNED TO VISIT BRUSSELS FOR DISCUSSIONS WITH COMMON MARKET IN APRIL (PERHAPS EARLIER) AND MIGHT AT THAT TIME GO TO PARIS FOR FOLLOW-THROUGH WITH OECD.

3. VILAR INDICATED OECD REPORT HAD BEEN VALUABLE. FIRST PART ADVOCATING MORE EXPANSIONIST MONETARY AND FISCAL POLICY WOULD BE "CUT OUT AND SENT TO IMF WHICH ADVOCATING OTHODOX APPROACH." SECOND PART DEALING WITH SINES PORT AND REFINERY COMPLEX WOULD BE USED INTERNALLY TO HELP CONVINCE AFM THAT PROJECT WAS TOO VISIONARY FOR PRESENT PORTUGUESE ECONOMIC REALITIES.

4. IN RESPONSE TO MY SECOND POINT ABOUT EUROPEAN WILLINGNESS TO HELP BUT RELUCTANCE TO PRESS HARDER, VILAR SAID EUROPEAN HELP WOULD BE MOST USEFUL IN FOLLOWING WAYS:

(A) SYMPATHY AND SUPPORT FOR GOP EFFORT TO RESTRICT IMPORTS.

(B) ASSISTANCE IN INCREASING EXPORTS. IN PARTICULAR THEY SHOULD NOT "INVENT OBSTACLES" SUCH AS CURRENT FLAP OVER PORT WINE AND TEXTILES. THEY COULD ALSO HELP BY ACCEPTING MORE EXPORTS OF TOMATO PASTE AND CORK.

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(C) RENEWAL OF EXISTING CREDITS RATHER THAN SEARCHING FOR NEW FORMS OF AID.

(D) ALLOWING GOP TIME TO "NAVIGATE" AND DEFINE ITS PRIORITIES. A REVOLUTIONARY GOVERNMENT, HE ARGUED, CANNOT SET HORIZONS IMMEDIATELY. GOP IS NAVIGATING BY SIGHT AND EUROPEANS CAN BEST HELP BY UNDERSTANDING THIS.  
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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Subject:** OECD AID TO PORTUGAL  
**TAGS:** EAID, PFOR, PO, (VILAR, EMILIO)  
**To:** STATE  
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